

OMERS

retired member news

NUMBER 46 • WINTER • 2009/2010

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OMERS retired members,
Betty Dixon and Rolf Meingast,
with Molly, their new dog

OMERS pensions to increase 0.37% for 2010

OMERS pensions will receive an increase of 0.37% starting in January 2010. This increase reflects 100% of the change in the cost of living as measured by the Canadian Consumer Price Index (CPI). Inflation protection adds to your retirement financial security and helps maintain your purchasing power over time.

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OMERS
Plan for the Future

An OMERS pension is a guaranteed source of inflation-protected retirement income. *Retired Member News* keeps over 106,000 retired OMERS members and survivors up to date on plan news and benefits.

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A pension that is indexed to inflation, as OMERS is, helps retirees keep pace with the rising cost of living.

OMERS determines the annual pension increase using the monthly average of the CPI for the 12-month period ending in October. This is compared to the average for the same period the previous year. The percentage difference determines the cost-of-living increase for pensions. The Canada Pension Plan

(CPP) uses the same method to calculate its annual increases.

OMERS inflation protection

Each January, OMERS pensions increase by 100% of the rise in the CPI, up to a maximum of 6%. If the CPI is greater than 6%, the excess is carried over for use in future years.

Annual statement of pension

In late December, as part of our

commitment to keep our members informed about their pensions, OMERS sends every retired member a detailed *Annual statement of pension* in the mail, showing their updated pension amount for 2010.

Note: this year the annual statements will be "greener" because we're printing on both sides of the paper.

Provincial income tax rate

Retired members may notice another slight increase in their net pension payments, as a result of the Ontario Ministry of Finance lowering the minimum provincial income tax rate, effective January 1, 2010. In fact, most Ontarians will be paying less provincial income tax (reported on the Ministry's website).

Pension increases

- **If your pension started before January 2009:** you will receive the full increase of 0.37% in 2010.
- **If your pension started in January 2009 to November 2009, inclusive:** your 2010 increase is pro-rated to reflect the number of months you received a pension in 2009. For example, a pension that started in March 2009 would receive an increase of 0.28% (which is 9/12 of 0.37%).
- **If your pension started in December 2009:** you will not get an increase in 2010, but you will get a full increase in January 2011.

How CPI is measured

The CPI measures changes in the cost of living.

It is based on the price of a fixed "basket" of goods and services that an average Canadian household would buy in a given month, such as food, shelter, clothing, transportation, and health-care expenses.

For more about CPI, please visit www.statcan.gc.ca.



$$\frac{\text{CPI average 12 months (Nov 2008 to Oct 2009)}}{\text{CPI average 12 months (Nov 2007 to Oct 2008)}} - 1 \times 100 = \text{pension increase}$$

$$\frac{114.22}{113.80} - 1 \times 100 = 0.37\%$$

Get ready for tax-time

Tax-time will be here again before we know it!

OMERS will send out T4A slips for retired members (NR4 slips for non-residents) by the end of February 2010. The T4A is your proof of income for tax purposes; it shows the amount of pension paid in the previous calendar year and the taxes deducted. OMERS also sends a copy to Canada Revenue Agency (CRA).

If you would like to arrange for additional tax to be withheld from your monthly pension payments, you must make a written request to OMERS. Please complete a

Form 108 – Changing information (retired member/survivor) available at www.omers.com/Retirees/Forms.

Changing your address or banking information

Please advise OMERS in writing of any other change to your personal information, such as a new address or bank.

Include your reference number and be sure to sign the Form 108 before returning it to OMERS.



If you can't get a Form 108, you can also write OMERS a detailed letter, advising us of any changes to your information. Be sure to include your reference number and sign your letter before sending it to OMERS.

myOMERS retired member access in 2010

- Watch for myOMERS, the retired member edition, coming in summer 2010, to an Internet connection near you!
- With myOMERS, you'll be able to register for e-versions of annual pension statements, change your address and banking information online, and download a copy of your income tax slips from your personal file.
- We'll have lots more to tell you about myOMERS in the new year.

myOMERS

OMERS shows remarkable support for United Way

Showing their support for the United Way is a tradition for employees at OMERS and its investment entities. And the results of the 2009 United Way campaign set a new record: employees raised \$658,000, a remarkable 20% above the campaign target. For more about OMERS and the United Way, please see *Retired Member News #45*, at www.omers.com.

Retirees have no plans to take it slow

There's no question that Betty Dixon and Rolf Meingast – both retired OMERS members – are a busy couple. But they found time recently in their hectic schedules to attend an OMERS retired member information session.

"We got a lot out of the information session," Betty says. "We learned about a retiree networking group and what we found interesting was what the group provides for its members."

Betty retired in 2000 from the Regional Municipality of Waterloo, as an occupational health and safety specialist. Rolf retired from Toronto Police Services in 2002.

When we spoke to Betty and Rolf, construction of their "retirement dream home" in Moonstone was just finishing up. They were preparing to drive to South Carolina to see friends they met last winter, when they were part of an Airstream trailer "caravan" that drove to Baja, California.

After South Carolina, they're heading to Florida to board a Caribbean cruise ship. They'll drive home to Ontario in time for Christmas. In January, they'll celebrate their third wedding anniversary.

"We're going at warp speed," Betty admits. But she adds, "We're going to stay home and ski for January and February."

The couple also owns a former government research boat that is kept at a yacht club in Scarborough, and is being renovated over the winter.



"We know we don't have to worry with OMERS. We know the plan is secure for us as retired members."

– Betty Dixon, OMERS retired member

"We hope to take it to Kingston, through the locks to Ottawa," Betty says. "It's one of our dreams."

"Being OMERS pensioners, we certainly have the money to live our dreams," Betty says. "I've been listening to the news lately about companies not being able to fund

their pension plans. It's tragic! We know we don't have to worry with OMERS. We know the plan is secure for us as retired members."

Check the list of upcoming retiree information sessions (on the back page) for a date and location near you.

OMERS plan to manage funding deficit

There may be indications that the recession is coming to an end, but its effects are still being felt.

In 2008, the OMERS Fund posted a \$279 million funding shortfall. This could grow to more than \$6 billion over the next few years, as the full impact of 2008 is reflected in the funding balance sheet (OMERS will report 2009 results in 2010).

The main reason the deficit continues to grow is the pension industry practice of actuarial "smoothing," which helps cushion a plan's funding from volatile market conditions. Instead of the losses from 2008 being applied immediately, they are factored into OMERS funding over a longer period.

Like all pension plans, OMERS is required to eliminate any funding deficit, and is considering all available options: reduce benefits on a go-forward basis, raise contribution rates, and increase investment returns.

In the past, OMERS was required to use the Plan surplus for a contri-

bution holiday and improving Plan benefits; this had the effect of eroding the funding cushion.

Benefits

"Even if OMERS benefits change, they would not affect retirees currently receiving pensions, nor would they affect pension benefits accrued to date," said Jennifer Brown, OMERS Chief Pension Officer. "Changes would only affect pension benefits earned after the date of any change."

Contribution rates

OMERS Sponsors Corporation (SC) approved an increase to member and employer contribution rates, effective the first full pay period in 2010.

"These contribution rate increases will help address the initial \$279 million part of the overall funding shortfall. More significant contribution increases or changes to benefits, or a combination of both, will be required in the next several years as the remaining

\$6 billion is recognized on the balance sheet of the Fund," said Marianne Love, SC Co-Chair.

Investment strategy

From an investment perspective, OMERS had taken steps, before the market downturn, to change our investment strategy – moving more of the Fund's assets from public markets to less-volatile private markets. This move helped to offset some of the market losses, and it continues to place the Fund in a good position to face the current storm, and to take advantage of opportunities that present themselves – both now and down the road.

"Many pension plans continue to face funding challenges, and OMERS is no exception," said Ms. Brown. "But, as we've stated before, OMERS invests for the long-term, the Plan remains stable, and we are taking steps to address funding."

The next OMERS Plan valuation is due in December 2009.

"The results of that valuation will give a clearer picture of the Plan's funded status," said Brian O'Keefe, SC Co-Chair. "This will help us to determine the extent of any required changes. We will communicate any news in this regard."

OMERS remains confident we have the expertise, strategy, and staff to help us weather today's economic climate, and to continue searching for opportunities to grow stronger in the future.



"OMERS invests for the long-term, the Plan remains stable, and we are taking steps to address funding."

– Jennifer Brown, OMERS Chief Pension Officer

PENSION INFORMATION SCHEDULE

Learn about your OMERS pension

Plan to attend an information session, specifically for OMERS retired members. We cover topics such as retirement income, inflation protection and survivor benefits.

If you would like to attend a meeting, be sure to sign up promptly... the sessions fill up quickly. Register at [www.omers.com/Retirees/Information sessions](http://www.omers.com/Retirees/Information%20sessions).

Information sessions scheduled for 2010 (2 p.m. to 3:30 p.m.)

Date	City	Date	City
March 24	Peterborough	June 23	Sudbury
March 31	Markham	July 8	Ajax
May 20	Toronto (downtown)	July 14	Fort Frances
May 26	Perth	July 22	Toronto (downtown)
June 2	Stratford	August 11	Kincardine
June 16	Hamilton	August 19	Kingston

At press time, some of the session venues had not been confirmed. For details on a specific date and location, please see www.omers.com or contact OMERS Client Services.

Later in 2010, we'll be hosting pension information sessions in Brantford, Burlington, Cambridge, Cornwall, Kitchener, Newmarket, Niagara, Orangeville, Oshawa, Ottawa, Renfrew, Toronto, and Windsor.

Here's what some people who attended recent information sessions had to say:

"Excellent information session. Makes one realize how lucky we are to be part of OMERS."

"Each topic was well covered and increased my understanding of how the OMERS benefit is a blessing in my retirement."

OMERS will host a retired member information session in Stratford in June.



OMERS 2010 Spring Information Meeting

The Spring Information Meeting will take place on April 21, 2010, in Toronto.

Hear the latest update on OMERS operations and an overview of our 2009 results.

Please mark your calendar and check www.omers.com early in the new year for registration details.

You will also be able to tune in to the live webcast via OMERS website.

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Plan for the Future

If there is any discrepancy between the information in this newsletter and the Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act, 2006) and the Plan text, the OMERS Act, 2006 and Plan text will govern.

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